

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01

SP-02 ICA-11 AGRE-00 AID-05 CIAE-00 COME-00

INR-10 LAB-04 NSAE-00 OIC-02 SIL-01 OPIC-03

STR-07 TRSE-00 CEA-01 SS-15 AF-10 ARA-10 EA-10

EUR-12 NEA-10 /143 W

-----028417 101542Z /46

P 101446Z AUG 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3097

INFO USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: EFIN, EAID, UNCTAD

SUBJECT: UNCTAD - STATUS OF MEETING OF EXPERTS ON FINANCE
FOR DEVELOPMENT AS OF AUGUST 9

1. IN THE FIRST THREE DAYS OF DISCUSSION, THE ATTENTION OF THE EXPERTS HAS BEEN DIRECTED ALMOST ENTIRELY TO THE QUESTION OF THE GUARANTEE POWERS OF EXISTING INTERNATIONAL FINANCIAL INSTITUTIONS AND THEIR POSSIBLE ENLARGEMENT. THE CLEAR PRESUMPTION ON THE PART OF THE UNCTAD SECRETARIAT AS WELL AS SOME EXPERTS FROM DEVELOPING COUNTRIES IS THAT THESE GUARANTEE POWERS SHOULD BE ENLARGED. SOME EXPERTS HAVE SUGGESTED THAT IFI CHARTERS COULD BE CHANGED. OTHER EXPERTS HAVE SUGGESTED THAT SPECIAL SUBSCRIPTIONS COULD BE MADE TO THE IFIS FOR USE IN PROVIDING GUARANTEES OR THAT A NEW QUASI-INDEPENDENT MULTILATERAL GUARANTEE FACILITY (MGF) COULD BE ESTABLISHED. THE U.S. EXPERT HAS OPPOSED THESE PROPOSALS ON BOTH PRACTICAL AND THEORETICAL GROUNDS ALONG LINES INSTRUCTED. HE HAS BEEN JOINED BY EXPERTS FROM GROUP B COUNTRIES AS WELL AS EXPERTS FROM SOME DEVELOPING COUNTRIES.

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2. ALTHOUGH THE GROUP IS UNLIKELY TO ENDORSE ANY SPECIFIC PROPOSALS OR RECOMMENDATIONS, DEPARTMENT SHOULD BE AWARE THAT SOME MEMBERS, IN ADDITION TO SUPPORTING AN INDEPENDENT MGF, ALSO ARE PRESSING FOR MULTILATERAL GUARANTEES OF COMMERCIAL LOANS TO LDCS. THE U.S. EXPERT HAS QUESTIONED THE WISDOM OF SUCH A SCHEME AND WILL ENSURE THAT THE

SUMMARY OF THE EXPERTS' DISCUSSIONS CLEARLY INDICATES THE DIFFICULTIES WE WOULD HAVE WITH ANY PROPOSAL TO GUARANTEE COMMERCIAL LOANS.

3. THE QUESTION OF THE FEASIBILITY AND DESIRABILITY OF ESTABLISHING A MULTILATERAL INSURANCE AND RE-INSURANCE AGENCY HAS BEEN GIVEN LOW PRIORITY BY THE UNCTAD SECRETARIAT AND THE GROUP'S CHAIRMAN (GOVERNOR NDEGWA OF THE CENTRAL BANK OF KENYA). HOWEVER, AT THE REQUEST OF THE U.S. AND OTHERS, A WORKING GROUP OF THE EXPERTS WAS ESTABLISHED THE AFTERNOON OF AUGUST 9 TO CONSIDER THE ISSUE. THE GROUP IS TO PREPARE A REPORT FOR CONSIDERATION BY THE EXPERTS DURING THE AFTERNOON OF AUGUST 10. PRELIMINARY INDICATIONS ARE THAT SOME EXPERTS FAVOR A MULTILATERAL SCHEME WHILE OTHERS WOULD PREFER THE HARMONIZATION OF EXISTING PROGRAMS. GIVEN THE BRIEF TIME ALLOWED, IT IS UNLIKELY THE DISCUSSION OF THIS ISSUE WILL LEAD TO SPECIFIC PROPOSALS.

4. COMMENT: OPENING SPEECH OF UNCTAD SYG COREA AND STATEMENTS OF SECRETARIAT PERSONNEL THROUGHOUT THE MEETING MAKE IT PLAIN THAT THEY PLAN TO MAKE THE ROLE OF PRIVATE FINANCING OF LDC DEVELOPMENT A MAJOR TOPIC FOR DISCUSSION AT UNCTAD V. SORENSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, MEETINGS, DEVELOPMENT FINANCE, CONSULTANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA12267
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780327-1106
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780879/aaaacnyo.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 55d45b65-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1781535
Secure: OPEN
Status: NATIVE
Subject: UNCTAD - STATUS OF MEETING OF EXPERTS ON FINANCE FOR DEVELOPMENT AS OF AUGUST 9
TAGS: EFIN, EAID, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/55d45b65-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014